

DELAWARE COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2011

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DELAWARE COUNTY

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2011)		
Shirley E. Helmrichs	Board of Supervisors	Jan. 2011
Jeff Madlom	Board of Supervisors	Jan. 2013
Jerry Ries	Board of Supervisors	Jan. 2013
Carla Becker	County Auditor	Jan. 2013
Carolyn Wilson	County Treasurer	Jan. 2011
Deborah Peyton	County Recorder	Jan. 2011
John LeClere	County Sheriff	Jan. 2013
John Bernau	County Attorney	Jan. 2011
Claudia Jo Cahalan	County Assessor	Jan. 2016
(After January 2011)		
Jeff Madlom	Board of Supervisors	Jan. 2013
Jerry Ries	Board of Supervisors	Jan. 2013
Shirley E. Helmrichs	Board of Supervisors	Jan. 2015
Carla Becker	County Auditor	Jan. 2013
Carolyn Wilson	County Treasurer	Jan. 2015
Deborah Peyton	County Recorder	Jan. 2015
John LeClere	County Sheriff	Jan. 2013
John Bernau	County Attorney	Jan. 2015
Claudia Jo Cahalan	County Assessor	Jan. 2016

INDEPENDENT AUDITOR'S REPORT

To the Officials of Delaware County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Delaware County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Delaware County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Delaware County at June 30, 2011 and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report February 15, 2012 on our consideration of Delaware County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 17 and 52 through 55 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Delaware County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of County management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa
February 15, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Delaware County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- The County's Governmental Fund total revenues increased \$979,940 from Fiscal Year 2010 to Fiscal Year 2011. Property taxes and other county tax increased \$174,945.
- The County's Governmental Fund expenditures decreased \$361,986, from Fiscal Year 2010 to Fiscal Year 2011. Roads and transportation expenditures increased by \$991,885 while capital projects expenditures decreased \$1,913,493.
- The net assets of the County's governmental activities increased approximately 6.54%, or \$2,021,339, from June 30, 2010 to June 30, 2011.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Delaware County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Delaware County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Delaware County acts solely as an agent or custodian for the benefit of those outside of County Government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

Other Supplementary Information provides detailed information about the non-major Special Revenue and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's Governmental Activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt, non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has two kinds of funds:

- 1) Governmental Funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measure cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) Fiduciary funds are used to report assets held in trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for Emergency Management Services, County Assessor and the agency funds necessary to collect and distribute property taxes to schools, cities and all other taxing authorities. Fiduciary funds also include the Private Purpose Trust Fund which is used to account for outside donations held by the County for the benefit of county residents.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. A two year comparison is shown below for the 2011 and 2010 fiscal years focusing on the changes in the net assets for governmental activities.

Net Assets of Governmental Activities

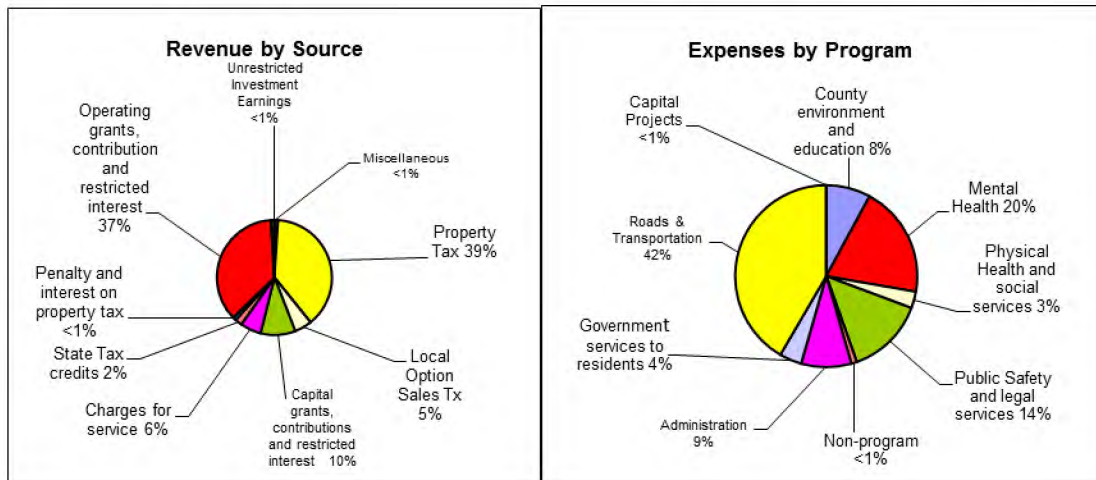
	June 30, 2011	June 30, 2010	% Change
Current and other assets	\$13,581,373	\$12,244,609	11%
Capital assets, net	<u>28,719,324</u>	<u>28,047,042</u>	<u>2%</u>
Total assets	<u>42,300,697</u>	<u>40,291,651</u>	<u>5%</u>
Long-term debt outstanding	1,003,793	965,673	4%
Other liabilities	<u>8,369,917</u>	<u>8,420,330</u>	<u>(<1%)</u>
Total liabilities	<u>9,373,710</u>	<u>9,386,003</u>	<u>(<1%)</u>
Net assets:			
Invested in capital assets, net of related debt	28,719,324	28,047,042	2%
Restricted	3,310,321	2,044,989	62%
Unrestricted	<u>897,342</u>	<u>813,617</u>	<u>10%</u>
Total net assets	<u>\$32,926,987</u>	<u>\$30,905,648</u>	<u>7%</u>

Net assets of Delaware County's governmental activities increased by \$2,021,339 from 2010 (\$32,926,987 compared to \$30,905,648). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. Any debt related to the investment in capital assets would be liquidated with sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – are reported at \$897,342 at June 30, 2011.

Changes in Net Assets of Governmental Activities

	Year End June 30, 2011	Year End June 30, 2010	% of Change
Revenues:			
Program Revenues			
Charges for services	\$937,161	\$974,563	(4%)
Operating grants, contributions and restricted interest	6,021,781	5,024,459	20%
Capital grants, contributions and restricted interest	1,645,700	3,718,891	(56%)
General Revenues:			
Property Tax	6,467,721	6,345,681	2%
Penalty and interest on property tax	48,068	64,252	(25%)
State tax credits	258,977	276,740	(6%)
Local option sales tax	892,380	839,920	6%
Grants and contributions not restricted to specific Purposes	0	0	
Unrestricted investment earnings	89,242	113,420	(21%)
Miscellaneous Revenues	<u>59,993</u>	<u>45,312</u>	<u>32%</u>
Total Revenues	\$16,421,023	\$17,403,238	6%
Program Expenses:			
Public safety and legal services	1,980,721	1,868,204	6%
Physical health and social services	460,822	508,647	(9%)
Mental Health	2,930,476	2,715,360	8%
County environment and education	1,096,963	858,450	28%
Roads and Transportation	6,010,578	5,202,475	16%
Governmental services to residents	583,039	610,623	(5%)
Administration	1,277,474	1,219,387	5%
Non-program	38,284	32,375	18%
Interest on long-term debt	<u>21,327</u>	<u>13,231</u>	<u>61%</u>
Total Expenses	14,399,684	13,028,752	11%
Increase in net assets	2,021,339	4,374,486	(54%)
Net assets beginning of year, as restated	<u>30,905,648</u>	<u>26,531,162</u>	<u>16%</u>
Net assets end of year	<u>\$32,926,987</u>	<u>\$ 30,905,648</u>	<u>7%</u>



(FOR ILLUSTRATIVE PURPOSES)

INDIVIDUAL MAJOR FUND ANALYSIS

As Delaware County completed the year, its governmental funds reported a combined fund balance of \$5,208,351, an increase of \$1,386,245 from last year's total of \$3,822,106. The increase in fund balance is attributable to many factors. The following are fund balances of the major governmental funds compared to the prior year:

<u>Ending Fund Balances</u>						
	General Fund	MH Fund	Rural Services Fund	Secondary Road Fund	Other	Total
2011	2,187,533	99,172	39,518	2,770,537	111,591	5,208,351
2010, As restated	1,928,209	74,655	64,433	1,654,600	100,209	3,822,106
Difference	259,324	24,517	(24,915)	1,115,937	11,382	1,386,245
%	13%	33%	(39%)	67%	11%	36%

As the County completed the year, its governmental funds reported a combined fund balance of \$5,208,351. This is an increase of \$1,386,245 over the previous year. The following are major reasons for the changes in fund balances from the prior year:

1. There was an increase of \$259,324 in the General Fund ending balance compared to June 30, 2010. Even though revenues increased only \$93,933 from FY 2010 to FY 2011, expenditures increased compared to the prior year by \$299,086 compared to FY 2010. Due to changes in governmental accounting standards, the activity of the Conservation Trust Fund, Conservation Land Acquisition and Capital Improvement Fund and the Sheriff's Reserve Fund are all now accounted for as General Fund transactions. This accounts for a portion of the increase in fund balance.
2. The County has continued to look for ways to effectively manage the cost of mental health services while still providing said services without a long waiting line. For the year, expenditures totaled \$2,912,774, an increase of 143,727 over the prior year. The Mental Health fund balance at year end was up \$24,517 from the prior year due to the increase of \$311,412 in revenues. Keeping the fund balance low in 2009 and 2010 qualified Delaware County for state funding of the growth and other state allocation dollars in 2010 and 2011. The ending fund balance in 2011 will also directly affect the state allocation of revenue for the 2012 and 2013 fiscal years.
3. The Secondary Roads Fund expenditures for 2011 were \$5,226,408, down from \$6,128,663 expended in 2010. Revenues were up in 2011, \$4,529,092 compared to \$3,985,947 in 2010. The revenues were higher in 2011 due to FEMA reimbursements received throughout the spring of 2011. The FEMA reimbursements covered the expenses incurred by Delaware County from the floods of 2010. The Board of Supervisors also increased the amount transferred from the Rural Services Fund by \$23,551 as compared to the amount transferred in 2010. Most major projects in 2010 were locally funded projects. Local Option Sales Tax receipts were up \$33,891 and intergovernmental funding increased \$492,210 as well (due primarily to the FEMA reimbursements). The cumulative effect was an increase of \$1,115,937 in the ending fund balance compared to the ending fund balance in 2010.
4. The Rural Services Fund expenditures for 2011 were \$433,317, up from \$219,338 expended in 2010. The major reason for this is the FEMA expenditures from the 2010 floods which included debris removal and the re-opening of the County's landfill. Revenues were up \$208,378 from 2010 (\$2,221,655 compared to \$2,013,277 in 2010). This fund supports county libraries, weed eradication, township officials, economic development, solid waste disposal and water well/sanitation expenses in the County. Transfers are also made from this fund to the Secondary Road Fund per Iowa Code. The ending fund balance decreased \$24,915 during FY 2011.

BUDGETARY HIGHLIGHTS

Over the course of the year, Delaware County amended its budget only one time. The amendment was made March 7, 2011 to accommodate for an extra \$1,571,315 in additional disbursements. A large portion of these were attributable to the 2010 Flood. Disbursements budgeted for Roads & Transportation increased by \$1,342,213 while disbursements budgeted for County Environment and Education increased \$495,920. The County did not exceed budgeted disbursements in any functional area.

Delaware County also amended its appropriations two (2) times outside of any budget amendment. To account for the extra dollars allocated from the McGee Fund for the benefit of flood victims, \$5,000 of appropriation was moved from Community Services to the McGee Fund on December 27, 2010. Also, on May 23, 2011 \$1,000 was moved from the Local Option Expenditures to the County Farm Expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2011, Delaware County had approximately \$28,719,324 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges, net of \$9,940,005 accumulated depreciation.

Capital Assets of Governmental Activities At Year End	
	June 30, 2011
<u>Acquisition cost:</u>	
Land	\$591,102
Construction in progress	0
Buildings and improvement	4,131,895
Equipment and vehicles	7,016,359
Infrastructure	<u>26,919,973</u>
Total	\$38,659,329
<u>Accumulated depreciation:</u>	
Buildings	\$(2,193,257)
Machinery & Equipment	(4,400,089)
Infrastructure	<u>(3,346,659)</u>
Total net government activities capital assets	\$28,719,324

The County had depreciation expense of \$1,553,920 in FY11 and total accumulated depreciation of \$9,940,005 at June 30, 2011.

Long-Term Debt

At June 30, 2010, Delaware County had approximately \$965,673 in long-term liabilities compared to approximately \$1,003,793 at June 30, 2011, as shown below:

Outstanding Debt of Governmental Activities At Year End	
	June 30, 2011
General Obligation Note	\$486,631
Compensated Absences	\$427,162
Net Other Post-Employment Benefits	<u>\$90,000</u>
Total	\$1,003,793

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the actual assessed value of all taxable property within the County. Delaware County's outstanding general obligation debt is well within this limitation.

Other obligations include accrued vacation pay and sick leave as well as post-employment benefits per GASB 45. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Delaware County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2012 budget, tax rates and the fees that will be charged for various County activities.

Various indicators were taken into account when adopting the budget for fiscal year 2012. Amounts available for appropriation in the operating budget are \$15,143,276, a decrease of 4% from the final 2011 budget (after the final amendment). With the breach of the Lake Delhi Dam in the 2010 floods, it was anticipated that the taxable valuations of the Lake Taxing District would decrease roughly 38%. In order to accommodate for the loss of valuation, the County moved the remaining increase in expenditures to the supplemental fund and tried to conserve their fund balance as best they could. These factors were all part of the considerations for the FY 2012 budget which certified taxes as follows (amount certified includes utility replacement and property tax dollars):

	<u>Dollars Certified</u>	<u>Percentage Increase (Decrease)</u>
General Fund	\$3,125,095	2.9 %
General Supplemental	1,339,326	87.0%
Mental Health Fund	919,179	(<1%)
Debt Service	71,999	<1%
Rural Services	2,204,305	11.4 %

The General Supplemental levy rate for 2011/2012 increased by about 67.5 cents per \$1,000, while the Rural Basic levy rate increased by a little over 14.3 cents per \$1,000. The increase in the General Supplemental levy was to account for the increased insurance expenditures anticipated within the fund. Delaware County also slightly decreased the Debt Service levy in FY 2012 by less than 1 cent per thousand.

Delaware County has had the following initiatives to the 2012 budget:

1. The County had to continue to levy for the General Supplemental Fund due to increased expenditures and maximum levy rate in the General Fund. The remaining insurance expenditures from the General Fund were moved to the Supplemental Fund in anticipation of decreased valuations due to the Lake Delhi Dam breach.
2. The General Supplemental Fund expenditures will increase due to the above and due to the placement of children at the Juvenile Home in Toledo and the increasing costs of election administration.
3. Delaware County will continue to levy for Debt Service until the Communications General Obligation Note is paid off.
4. The County will look into new cost saving ideas for Secondary Roads Department to help offset increased costs of construction and fuel.

In July 2010, a flood event breached the dam at Lake Delhi and drained the impoundment area. The devastation left behind has caused great expenditures for Delaware County in the areas of debris removal and the demolition of structures due to public health issues. The majority of these expenditures will come from the Rural Services Fund. Since this fund does not normally carry a large fund balance, all reserves will be most likely utilized to pay for the County's portion of these emergency expenditures. However, if estimates are realized, the County's budgetary operating balances in all other funds are expected to remain fairly consistent for the close of 2012.

Due to the draining of the impoundment, Delaware County will need to take measures during the 2011-12 budget process to preserve fund balances in order to offset the loss of assessed valuation as set January 1, 2011 for taxes payable in FY 2012-13. The County will also need to assess its options in replacing the bridge which spanned the former dam.

The Debt Service levy in 2013-14 may also need to accommodate the repayment of up to \$3,000,000 for the possible issuance of bonds to aid in the restoration of the Lake Delhi Dam and the building of a spillway adjacent to said dam.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Delaware County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Delaware County Auditor's Office at 301 E. Main Street, Room 210 in Manchester, Iowa.

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Basic Financial Statements

DELAWARE COUNTY
STATEMENT OF NET ASSETS
June 30, 2011

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 5,291,478
Receivables:	
Property tax:	
Delinquent	2,175
Succeeding year	7,378,000
Interest and penalty on property tax	2,877
Accounts	61,887
Accrued interest	7,950
Due from other governments	490,783
Inventories	346,223
Capital assets, net of accumulated depreciation (note 4)	<u>28,719,324</u>
Total assets	<u>42,300,697</u>
Liabilities	
Accounts payable	396,715
Salaries and benefits payable	237,175
Due to other governments (note 5)	356,405
Accrued interest payable	1,622
Deferred revenue:	
Succeeding year property tax	7,378,000
Long-term liabilities (note 7):	
Portion due or payable within one year:	
General obligation notes	52,813
Compensated absences	162,645
Portion due or payable after one year:	
General obligation notes	433,818
Compensated absences	264,517
Net OPEB liability	<u>90,000</u>
Total liabilities	<u>9,373,710</u>

DELAWARE COUNTY
STATEMENT OF NET ASSETS
June 30, 2011

	<u>Governmental Activities</u>
Net Assets	
Invested in capital assets	\$ 28,719,324
Restricted for:	
Supplemental levy purposes	516,410
Mental health purposes	70,513
Rural services purposes	39,883
Secondary roads purposes	2,507,775
Debt service	19,219
Conservation purposes	38,705
Reserve officer purposes	8,371
Prisoner room and board purposes	38,399
Other purposes	71,046
Unrestricted	<u>897,342</u>
Total net assets	<u>\$ 32,926,987</u>

See notes to financial statements.

DELAWARE COUNTY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions		
Governmental Activities:						
Public safety and legal services	\$ 1,980,721	\$ 134,534	\$ 136,254	\$ -	\$ (1,709,933)	
Physical health and social services	460,822	20,411	129,538	-	(310,873)	
Mental health	2,930,476	59,592	1,957,818	-	(913,066)	
County environment and education	1,096,963	178,118	330,489	-	(588,356)	
Roads and transportation	6,010,578	130,782	3,458,282	1,645,700	(775,814)	
Government services to residents	583,039	359,902	785	-	(222,352)	
Administration	1,277,474	53,822	8,615	-	(1,215,037)	
Non-program	38,284	-	-	-	(38,284)	
Interest on long-term debt	21,327	-	-	-	(21,327)	
Total	\$ 14,399,684	\$ 937,161	\$ 6,021,781	\$ 1,645,700	(5,795,042)	

General Revenues:

Property and other county tax levied for:	
General purposes	6,398,620
Debt service	69,101
Penalty and interest on property tax	48,068
State tax credits	258,977
Local option sales and services tax	892,380
Unrestricted investment earnings	89,242
Miscellaneous	<u>59,993</u>
Total general revenues	<u>7,816,381</u>
Change in net assets	2,021,339
Net assets beginning of year	<u>30,905,648</u>
Net assets end of year	<u>\$ 32,926,987</u>

See notes to financial statements.

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DELAWARE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 2,279,866	\$ 525,658	\$ 42,970	\$ 2,330,463
Receivables:				
Property tax:				
Delinquent	1,335	326	489	-
Succeeding year	4,299,000	885,000	2,125,000	-
Interest and penalty on property tax	2,877	-	-	-
Accounts	61,412	-	300	175
Accrued interest	7,932	-	-	-
Due from other governments	40,923	71,023	-	378,837
Inventories	-	-	-	346,223
Total assets	<u>\$ 6,693,345</u>	<u>\$ 1,482,007</u>	<u>\$ 2,168,759</u>	<u>\$ 3,055,698</u>

<u>Nonmajor</u>	<u>Total</u>
\$ 112,521	\$ 5,291,478
25	2,175
69,000	7,378,000
-	2,877
-	61,887
18	7,950
-	490,783
-	346,223
<u>\$ 181,564</u>	<u>\$ 13,581,373</u>

DELAWARE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 81,257	\$ 117,885	\$ 1,056	\$ 195,567
Salaries and benefits payable	121,636	23,249	2,696	89,594
Due to other governments (note 5)	-	356,405	-	-
Deferred revenue:				
Succeeding year property tax	4,299,000	885,000	2,125,000	-
Other	3,919	296	489	-
Total liabilities	<u>4,505,812</u>	<u>1,382,835</u>	<u>2,129,241</u>	<u>285,161</u>
Fund balances:				
Nonspendable:				
Inventories	-	-	-	346,223
Restricted for:				
Supplemental levy purposes	519,655	-	-	-
Mental health purposes	-	99,172	-	-
Rural services purposes	-	-	39,518	-
Secondary roads purposes	-	-	-	2,424,314
Reserve officer purposes	8,371	-	-	-
Prisoner room and board purposes	38,399	-	-	-
Records management purposes	-	-	-	-
Conservation purposes	18,978	-	-	-
Public safety purposes	-	-	-	-
Public betterment purposes	-	-	-	-
Debt service	-	-	-	-
Assigned:				
Conservation trust	30,756	-	-	-
Courthouse updates	100,000	-	-	-
Early retirement payouts	10,000	-	-	-
Unassigned	1,461,374	-	-	-
Total fund balances	<u>2,187,533</u>	<u>99,172</u>	<u>39,518</u>	<u>2,770,537</u>
Total liabilities and fund balances	<u>\$ 6,693,345</u>	<u>\$ 1,482,007</u>	<u>\$ 2,168,759</u>	<u>\$ 3,055,698</u>

See notes to financial statements.

<u>Nonmajor</u>	<u>Total</u>
\$ 950	\$ 396,715
-	237,175
-	356,405
69,000	7,378,000
23	4,727
<u>69,973</u>	<u>8,373,022</u>
-	346,223
-	519,655
-	99,172
-	39,518
-	2,424,314
-	8,371
-	38,399
24,875	24,875
19,727	38,705
674	674
45,497	45,497
20,818	20,818
-	30,756
-	100,000
-	10,000
-	1,461,374
<u>111,591</u>	<u>5,208,351</u>
<u>\$ 181,564</u>	<u>\$ 13,581,373</u>

DELAWARE COUNTY

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2011

Total fund balances of governmental funds	\$ 5,208,351
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. The cost of assets is \$38,659,329 and the accumulated depreciation is \$9,940,005.	28,719,324
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	4,727
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(1,622)
Long-term liabilities, including notes payable, compensated absences payable, and net OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(1,003,793)</u>
Net assets of governmental activities	<u>\$ 32,926,987</u>

See notes to financial statements.

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DELAWARE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other County tax	\$ 3,708,449	\$ 883,401	\$ 1,902,804	\$ 796,480
Interest and penalty on property tax	47,162	-	-	-
Intergovernmental	474,262	1,994,298	309,601	3,598,807
Licenses and permits	50	-	9,250	9,290
Charges for service	530,450	-	-	-
Use of money and property	141,937	14,298	-	-
Miscellaneous	195,398	45,294	-	124,515
Total revenues	5,097,708	2,937,291	2,221,655	4,529,092
Expenditures:				
Operating:				
Public safety and legal services	1,974,680	-	-	-
Physical health and social services	432,160	-	-	-
Mental health	-	2,912,774	-	-
County environment and education	567,484	-	428,339	-
Roads and transportation	-	-	-	5,163,254
Government services to residents	542,363	-	4,978	-
Administration	1,210,382	-	-	-
Non-program	26,204	-	-	-
Debt service	-	-	-	-
Capital projects	85,216	-	-	63,154
Total expenditures	4,838,489	2,912,774	433,317	5,226,408
Excess (deficiency) of revenues over (under) expenditures	259,219	24,517	1,788,338	(697,316)
Other financing sources (uses):				
Sale of capital assets	105	-	-	-
Interfund transfers in (note 3)	-	-	-	1,813,253
Interfund transfers out (note 3)	-	-	(1,813,253)	-
Total other financing sources (uses)	105	-	(1,813,253)	1,813,253

<u>Nonmajor</u>	<u>Total</u>
\$ 69,110	\$ 7,360,244
-	47,162
17,835	6,394,803
-	18,590
4,427	534,877
362	156,597
37,500	402,707
<u>129,234</u>	<u>14,914,980</u>

-	1,974,680
25,001	457,161
-	2,912,774
-	995,823
-	5,163,254
4,651	551,992
-	1,210,382
-	26,204
72,277	72,277
15,923	164,293
<u>117,852</u>	<u>13,528,840</u>

11,382 1,386,140

-	105
-	1,813,253
-	(1,813,253)
<u>-</u>	<u>105</u>

DELAWARE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Net change in fund balances	\$ 259,324	\$ 24,517	\$ (24,915)	\$ 1,115,937
Fund balances beginning of year, as restated (note 14)	1,928,209	74,655	64,433	1,654,600
Fund balances end of year	<u>\$ 2,187,533</u>	<u>\$ 99,172</u>	<u>\$ 39,518</u>	<u>\$ 2,770,537</u>

See notes to financial statements.

<u>Nonmajor</u>	<u>Total</u>
\$ 11,382	\$ 1,386,245
100,209	3,822,106
<u>\$ 111,591</u>	<u>\$ 5,208,351</u>

DELAWARE COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Net change in fund balances - total governmental funds \$ 1,386,245

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures while
governmental activities report depreciation expense to allocate those
expenditures over the life of the assets. The amount of capital outlay
expenditures and depreciation expense in the current year are as follows:

	Expenditures for capital assets	\$ 721,027	
Capital assets contributed by the Iowa Department of Transportation		1,505,175	
Depreciation expense		<u>(1,553,920)</u>	672,282

Because some revenues will not be collected for several months after the
County's year end, they are not considered available revenues and are
deferred in the governmental funds, as follows:

	Property tax	(143)	
Other		<u>906</u>	763

Repayment of long-term liabilities is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the Statement of
Net Assets. 50,781

Some expenses reported in the Statement of Activities do not require the use
of current financial resources and, therefore, are not reported as
expenditures in the governmental funds, as follows:

	Compensated absences	(44,474)	
	Net OPEB liability	(44,427)	
Interest on long-term debt		<u>169</u>	<u>(88,732)</u>

Change in net assets of governmental activities \$ 2,021,339

See notes to financial statements.

DELAWARE COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2011

	Private- Purpose Trust Funds	Agency Funds
Assets		
Cash and pooled investments:		
County Treasurer	\$ -	\$ 1,699,110
Other County officials	257,819	12,405
Receivables:		
Property tax:		
Delinquent	-	8,098
Succeeding year	-	21,030,000
Accrued interest	-	149
Accounts	-	20,477
	<u>257,819</u>	<u>22,770,239</u>
Liabilities		
Accounts payable	-	1,906
Salaries and benefits payable	-	10,247
Due to other governments (note 5)	-	22,662,907
Trusts payable	-	60,724
Compensated absences	-	34,455
	<u>-</u>	<u>22,770,239</u>
Net assets		
Restricted for:		
Trust principal - Spangler (note 12)	128,000	-
Trust principal - Corell (note 12)	12,162	-
Unrestricted	<u>117,657</u>	<u>-</u>
Total net assets	<u>\$ 257,819</u>	<u>\$ -</u>

See notes to financial statements.

DELAWARE COUNTY
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PRIVATE-PURPOSE TRUST FUNDS
 Year Ended June 30, 2011

	<u>Private- Purpose Trust Funds</u>
Revenues:	
Interest on investments	\$ <u>4,781</u>
Expenditures:	
Vision care	140
Supplies	<u>2,462</u>
Total expenditures	<u>2,602</u>
Net change in fund balance	2,179
Balance beginning of year	<u>255,640</u>
Balance end of year	\$ <u><u>257,819</u></u>
See notes to financial statements.	

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies

Delaware County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Delaware County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Delaware County Assessor's Conference Board, Delaware County Emergency Management Commission, and Delaware County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Additionally, the County reports the following fiduciary funds:

The Private-purpose Trust Fund is used to account for assets held by the County under trust agreements which require income earned to be used to benefit individuals in various ways.

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned, and then unassigned fund balances.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except non-negotiable certificates of deposit, which are stated at cost.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Intangibles	\$ 100,000
Infrastructure	150,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	25-50
Improvements other than buildings	10-50
Infrastructure	10-65
Equipment	3-20
Vehicles	5-15

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of the succeeding year property tax receivable, delinquent property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is recorded in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, and Secondary Roads Funds.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Board of Supervisors intends to use for specific purposes.

Unassigned – All amounts not included in other classifications.

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, disbursements did not exceed the amounts budgeted in any County function and departmental appropriations were not exceeded.

Note 2. Cash and Pooled Investments

The County's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. The chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County's funds are all deposited in financial institution depository accounts.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ <u>1,813,253</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 4. Capital Assets

A summary of capital assets activity for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 591,102	\$ -	\$ -	\$ 591,102
Construction in progress	1,028,428	35,257	1,063,685	-
Total capital assets not being depreciated	<u>1,619,530</u>	<u>35,257</u>	<u>1,063,685</u>	<u>591,102</u>
Capital assets being depreciated:				
Buildings	4,114,369	17,526	-	4,131,895
Machinery and equipment	6,656,648	714,329	354,618	7,016,359
Infrastructure	24,397,198	2,522,775	-	26,919,973
Total capital assets being depreciated	<u>35,168,215</u>	<u>3,254,630</u>	<u>354,618</u>	<u>38,068,227</u>
Less accumulated depreciation for:				
Buildings	2,097,336	95,921	-	2,193,257
Machinery and equipment	4,128,045	626,662	354,618	4,400,089
Infrastructure	2,515,322	831,337	-	3,346,659
Total accumulated depreciation	<u>8,740,703</u>	<u>1,553,920</u>	<u>354,618</u>	<u>9,940,005</u>
Total capital assets being depreciated, net	<u>26,427,512</u>	<u>1,700,710</u>	<u>-</u>	<u>28,128,222</u>
Governmental activities capital assets, net	<u>\$ 28,047,042</u>	<u>\$ 1,735,967</u>	<u>\$ 1,063,685</u>	<u>\$ 28,719,324</u>

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 4. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Public safety and legal services	\$ 93,527
Physical health and social services	1,334
Mental health	72,753
County environment and education	56,267
Roads and transportation	1,260,721
Government services to residents	8,787
Administration	39,244
Non-program	<u>21,287</u>

Total depreciation expense - governmental activities	<u><u>\$ 1,553,920</u></u>
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Note 5. Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Special Revenue:		
Mental Health	Services	\$ <u><u>356,405</u></u>
Agency:		
County Assessor	Collections	\$ 1,022,436
Townships		405,635
Corporations		5,050,270
Schools		13,097,785
Area Schools		952,306
County Hospital		1,010,291
Auto License and Use Tax		507,014
All Other		<u>617,170</u>
Total for agency funds		<u><u>\$ 22,662,907</u></u>

DELAWARE COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 6. Short-Term Interfund Financing

The County has several projects and obligations occurring throughout the year that require funding at specific times. Due to cash flow differences, monies may not be available in the required fund but are available in other funds. To address these cash flow problems, the County approved the following short-term interfund loan:

General Basic to Mental Health, \$250,000 interest-free loan, approved July 26, 2010 and repaid April 11, 2011.

Note 7. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	General Obligation Notes	Compensated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 537,412	\$ 382,688	\$ 45,573	\$ 965,673
Increases	-	190,241	44,427	234,668
Decreases	50,781	145,767	-	196,548
Balance end of year	<u>\$ 486,631</u>	<u>\$ 427,162</u>	<u>\$ 90,000</u>	<u>\$ 1,003,793</u>
Due within one year	<u>\$ 52,813</u>	<u>\$ 162,645</u>	<u>\$ -</u>	<u>\$ 215,458</u>

General Obligation Emergency Services Communication Notes

Details of the County's June 30, 2011 general obligation emergency services communication notes indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2012	4.00 %	\$ 52,813	\$ 19,465	\$ 72,278
2013	4.00	54,925	17,353	72,278
2014	4.00	57,123	15,156	72,279
2015	4.00	59,408	12,871	72,279
2016	4.00	61,784	10,494	72,278
2017	4.00	64,255	8,023	72,278
2018	4.00	66,825	5,453	72,278
2019	4.00	69,498	2,780	72,278
		<u>\$ 486,631</u>	<u>\$ 91,595</u>	<u>\$ 578,226</u>

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 8. Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 90 active and 6 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is administered by Alliance Select. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 73,659
Interest on net OPEB obligation	1,823
Adjustment to annual required contribution	<u>(1,811)</u>
Annual OPEB cost	73,671
Contributions made	<u>(29,244)</u>
Increase in net OPEB obligation	44,427
Net OPEB obligation beginning of year	<u>45,573</u>
Net OPEB obligation end of year	<u><u>\$ 90,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the County contributed \$29,244 to the medical plan.

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 8. Other Postemployment Benefits (OPEB) (continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 73,671	39.7%	\$ 90,000

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$652,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$652,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,871,000 and the ratio of the UAAL to covered payroll was 16.8%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced .5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Combined Mortality Table, projected to 2010 using scale AA.

Projected claim costs of the medical plan are \$459 per month for retirees between the ages of 55 and 59 and \$565 per month for retirees between the ages of 60 and 64. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

DELAWARE COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 9. Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$285,993, \$253,195 and \$234,937, respectively, equal to the required contributions for each year.

Note 10. Risk Management

Delaware County is exposed to various risks of loss related to tort; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The County also carries commercial insurance for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$200,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11. Construction Commitment

The County has entered into contracts totaling \$725,327 for various roadway projects. As of June 30, 2011, the projects had not yet been started.

Note 12. Private-Purpose Trust Funds

James E. Corell Trust

A portion of the estate of James E. Corell was left to Delaware County, Iowa. The Board of Supervisors is to invest the principal portion and use the interest earned to assist the needy residents of the County to obtain eye care.

H.C. Spangler Trust

A 160-acre farm was left to Delaware County, Iowa by Grace R. Spangler. The Board of Supervisors were appointed trustees and the net proceeds from the farm were to be used to assist in improving conditions for poor persons receiving aid from Delaware County, Iowa. Further, on March 18 of each year, a dinner, the Spangler Dinner, is to be held for such poor people and their guests and an annual financial statement is to be published. In 1973, the Board of Supervisors received permission from the Court to sell the Spangler Farm.

DELAWARE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 13. Subsequent Event

On April 5, 2011, the County approved the purchase of a motor grader for \$204,456, net a trade-in allowance of \$34,625. The purchase was made through a lease-purchase agreement finalized on August 10, 2011. The lease requires an initial payment of \$44,000, then four additional annual payments of \$43,797. The lease is payable through the year ending June 30, 2016, and has an annual interest rate of 3.55%.

Note 14. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	General	Nonmajor - Special Revenue		
		Conservation Land Acquisition	Conservation Projects	Sheriff's Reserve
Balances June 30, 2010, as previously reported	\$ 1,878,595	\$ 17,737	\$ 27,189	\$ 4,688
Change in fund type classification per implementation of GASB Statement No. 54	<u>49,614</u>	<u>(17,737)</u>	<u>(27,189)</u>	<u>(4,688)</u>
Balances July 1, 2010, as restated	<u>\$ 1,928,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Required Supplementary Information

DELAWARE COUNTY

Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances –
Budget and Actual (Cash Basis) – All Governmental Funds
Required Supplementary Information
Year Ended June 30, 2011

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
RECEIPTS:				
Property and other County tax	\$ 7,348,350	\$ 7,156,495	\$ 7,256,196	\$ 92,154
Interest and penalty on property tax	47,026	30,400	30,400	16,626
Intergovernmental	6,321,428	5,707,953	6,495,159	(173,731)
Licenses and permits	18,115	10,300	10,300	7,815
Charges for service	533,442	403,585	445,585	87,857
Use of money and property	158,449	188,290	191,590	(33,141)
Miscellaneous	378,284	185,996	322,106	56,178
Total receipts	14,805,094	13,683,019	14,751,336	53,758
DISBURSEMENTS:				
Public safety and legal services	1,972,242	2,053,765	2,119,404	147,162
Physical health and social services	429,729	709,750	628,250	198,521
Mental health	2,759,814	2,599,522	2,773,522	13,708
County environment and education	992,493	816,462	1,312,382	319,889
Roads and transportation	5,345,530	4,222,625	5,564,838	219,308
Government services to residents	547,993	616,084	595,328	47,335
Administration	1,219,121	1,281,100	1,359,899	140,778
Non-program	28,528	24,900	36,900	8,372
Debt service	72,277	73,000	73,000	723
Capital projects	1,149,558	1,806,000	1,311,000	161,442
Total disbursements	14,517,285	14,203,208	15,774,523	1,257,238
Excess (deficiency) of receipts over (under) disbursements	287,809	(520,189)	(1,023,187)	1,310,996
Other financing sources, net	105	-	-	105
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	287,914	(520,189)	(1,023,187)	1,311,101
Balance beginning of year	5,003,564	3,397,161	5,003,564	-
Balance end of year	\$ 5,291,478	\$ 2,876,972	\$ 3,980,377	\$ 1,311,101

See accompanying independent auditor's report.

DELAWARE COUNTY

Budgetary Comparison Schedule – Budget to GAAP Reconciliation Required Supplementary Information Year Ended June 30, 2011

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 14,805,094	\$ 109,886	\$ 14,914,980
Expenditures	14,517,285	(988,445)	13,528,840
Net	287,809	1,098,331	1,386,140
Other financing sources, net	105	-	105
Beginning fund balances	5,003,564	(1,181,458)	3,822,106
Ending fund balances	<u>\$ 5,291,478</u>	<u>\$ (83,127)</u>	<u>\$ 5,208,351</u>

See accompanying independent auditor's report.

DELAWARE COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, internal service funds, and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$1,571,315. This budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E-911 System by the Joint E-911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2011, disbursements did not exceed the amounts budgeted in any County function and departmental appropriations were not exceeded.

DELAWARE COUNTY

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)

Required Supplementary Information
Year Ended June 30, 2011

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 606	\$ 606	0.0%	\$ 3,666	16.5%
2011	July 1, 2009	-	652	652	0.0%	3,871	16.8%

See note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

See accompanying independent auditor's report.

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Other Supplementary Information

DELAWARE COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue			
	County Recorder's Records Management	Resource Enhancement and Protection	Drug Forfeiture	McGee Discretionary Trust
Assets				
Cash and pooled investments	\$ 24,857	\$ 19,727	\$ 674	\$ 46,447
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accrued interest	18	-	-	-
Total assets	<u>\$ 24,875</u>	<u>\$ 19,727</u>	<u>\$ 674</u>	<u>\$ 46,447</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 950
Deferred revenue:				
Succeeding year property tax	-	-	-	-
Other	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>950</u>
Fund balances:				
Restricted for:				
Records management purposes	24,875	-	-	-
Conservation purposes	-	19,727	-	-
Public safety purposes	-	-	674	-
Public betterment purposes	-	-	-	45,497
Debt service	-	-	-	-
Total fund balances	<u>24,875</u>	<u>19,727</u>	<u>674</u>	<u>45,497</u>
Total liabilities and fund balances	<u>\$ 24,875</u>	<u>\$ 19,727</u>	<u>\$ 674</u>	<u>\$ 46,447</u>

See accompanying independent auditor's report.

<u>Debt Service</u>	<u>Total</u>
\$ 20,816	\$ 112,521
25	25
69,000	69,000
-	18
<u>\$ 89,841</u>	<u>\$ 181,564</u>

\$ -	\$ 950
69,000	69,000
23	23
<u>69,023</u>	<u>69,973</u>

-	24,875
-	19,727
-	674
-	45,497
<u>20,818</u>	<u>20,818</u>
<u>20,818</u>	<u>111,591</u>
<u>\$ 89,841</u>	<u>\$ 181,564</u>

DELAWARE COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	Special Revenue			
	County Recorder's Records Management	Resource Enhancement and Protection	Drug Forfeiture	McGee Discretionary Trust
Revenues:				
Property and other County tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	15,109	-	-
Charges for service	4,427	-	-	-
Use of money and property	222	136	4	-
Miscellaneous	-	-	-	37,500
Total revenues	4,649	15,245	4	37,500
Expenditures:				
Operating:				
Physical health and social services	-	-	-	25,001
Government services to residents	4,651	-	-	-
Debt service	-	-	-	-
Capital projects	-	15,923	-	-
Total expenditures	4,651	15,923	-	25,001
Excess (deficiency) of revenues over (under) expenditures	(2)	(678)	4	12,499
Fund balances beginning of year	24,877	20,405	670	32,998
Fund balances end of year	\$ 24,875	\$ 19,727	\$ 674	\$ 45,497

See accompanying independent auditor's report.

Debt		Total	
Service			
\$	69,110	\$	69,110
	2,726		17,835
	-		4,427
	-		362
	-		37,500
	<u>71,836</u>		<u>129,234</u>
	-		25,001
	-		4,651
	72,277		72,277
	-		15,923
	<u>72,277</u>		<u>117,852</u>
	(441)		11,382
	<u>21,259</u>		<u>100,209</u>
\$	<u><u>20,818</u></u>	\$	<u><u>111,591</u></u>

DELAWARE COUNTY
COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2011

	<u>County Offices</u>		<u>County</u>	<u>Emergency</u>	<u>Brucellosis</u>
	<u>County</u>	<u>County</u>	<u>Assessor</u>	<u>Management</u>	<u>Tuberculosis</u>
	<u>Recorder</u>	<u>Sheriff</u>			<u>Eradication</u>
ASSETS					
Cash and pooled investments:					
County Treasurer	\$ -	\$ -	\$ 732,373	\$ 18,913	\$ 40
Other County officials	149	12,256	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	218	-	1
Succeeding year	-	-	323,000	-	3,000
Accrued interest	-	-	-	-	-
Accounts	-	-	-	-	-
Total assets	\$ <u>149</u>	\$ <u>12,256</u>	\$ <u>1,055,591</u>	\$ <u>18,913</u>	\$ <u>3,041</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 1,112	\$ 130	\$ -
Salaries and benefits payable	-	-	10,247	-	-
Due to other governments	149	-	1,022,436	6,124	3,041
Trusts payable	-	12,256	-	-	-
Compensated absences	-	-	21,796	12,659	-
Total liabilities	\$ <u>149</u>	\$ <u>12,256</u>	\$ <u>1,055,591</u>	\$ <u>18,913</u>	\$ <u>3,041</u>

<u>Townships</u>	<u>Corporations</u>	<u>Schools</u>	<u>Area Schools</u>	<u>City Special Assessments</u>	<u>Agricultural Extension Education</u>	<u>County Hospital</u>
\$ 5,544	\$ 38,888	\$ 174,189	\$ 11,985	\$ 10,215	\$ 2,408	\$ 12,947
-	-	-	-	-	-	-
91	2,382	4,596	321	-	64	344
400,000	5,009,000	12,919,000	940,000	-	194,000	997,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 405,635</u>	<u>\$ 5,050,270</u>	<u>\$ 13,097,785</u>	<u>\$ 952,306</u>	<u>\$ 10,215</u>	<u>\$ 196,472</u>	<u>\$ 1,010,291</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
405,635	5,050,270	13,097,785	952,306	10,215	196,472	1,010,291
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 405,635</u>	<u>\$ 5,050,270</u>	<u>\$ 13,097,785</u>	<u>\$ 952,306</u>	<u>\$ 10,215</u>	<u>\$ 196,472</u>	<u>\$ 1,010,291</u>

DELAWARE COUNTY

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2011

	Auto License and Use Tax	Tax Sale Redemption	Advance Tax Collection	Lake District
ASSETS				
Cash and pooled investments:				
County Treasurer	\$ 507,014	\$ 9,425	\$ 30,290	\$ 2,308
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	-	-	-	81
Succeeding year	-	-	-	235,000
Accrued interest	-	-	-	-
Accounts	-	-	-	-
Total assets	<u>\$ 507,014</u>	<u>\$ 9,425</u>	<u>\$ 30,290</u>	<u>\$ 237,389</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	-
Salaries and benefits payable	-	-	-	-
Due to other governments	507,014	-	-	237,389
Trusts payable	-	9,425	30,290	-
Compensated absences	-	-	-	-
Total liabilities	<u>\$ 507,014</u>	<u>\$ 9,425</u>	<u>\$ 30,290</u>	<u>\$ 237,389</u>

See accompanying independent auditor's report.

<u>E-911</u>	<u>Flex Plan</u>	<u>Fire District</u>	<u>County Recorder's Electronic Transaction Fee</u>	<u>Total</u>
\$ 131,617	\$ 8,753	\$ 165	\$ 2,036	\$ 1,699,110
-	-	-	-	12,405
-	-	-	-	8,098
-	-	10,000	-	21,030,000
149	-	-	-	149
20,477	-	-	-	20,477
<u>\$ 152,243</u>	<u>\$ 8,753</u>	<u>\$ 10,165</u>	<u>\$ 2,036</u>	<u>\$ 22,770,239</u>
\$ 664	\$ -	\$ -	\$ -	\$ 1,906
-	-	-	-	10,247
151,579	-	10,165	2,036	22,662,907
-	8,753	-	-	60,724
-	-	-	-	34,455
<u>\$ 152,243</u>	<u>\$ 8,753</u>	<u>\$ 10,165</u>	<u>\$ 2,036</u>	<u>\$ 22,770,239</u>

DELAWARE COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended June 30, 2011

	County Offices		County	Emergency
	County	County	County	Management
	Recorder	Sheriff	Assessor	
ASSETS AND LIABILITIES				
Balances beginning of year	\$ 304	\$ -	\$ 1,199,495	\$ 3,564
Additions:				
Property and other County tax	-	-	323,400	-
State tax credits	-	-	23,611	-
Payments in lieu of taxes	-	-	55	-
E-911 surcharge	-	-	-	-
Reimbursements from other governments	-	-	-	127,916
Office fees and collections	318,094	120,842	1,089	-
Auto licenses, use tax, driver licenses, and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	249,949	-	-
Interest on investments	-	-	-	-
Total additions	318,094	370,791	348,155	127,916
Deductions:				
Agency remittances:				
To other funds	161,651	114,651	-	-
To other governments	156,598	6,191	492,059	112,567
Trusts paid out	-	237,693	-	-
Total deductions	318,249	358,535	492,059	112,567
Balances end of year	\$ 149	\$ 12,256	\$ 1,055,591	\$ 18,913

<u>Brucellosis and Tuberculosis Eradication</u>	<u>Townships</u>	<u>Corporations</u>	<u>Schools</u>	<u>Area Schools</u>	<u>City Special Assessments</u>	<u>Agricultural Extension Education</u>
\$ 3,039	\$ 378,321	\$ 4,281,169	\$ 12,636,183	\$ 881,783	\$ 5,924	\$ 175,803
2,837	400,062	5,019,318	12,922,995	941,052	-	194,244
114	14,622	151,756	500,384	34,575	-	6,940
-	50	-	1,163	81	-	16
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	129,868	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,951	414,734	5,171,074	13,424,542	975,708	129,868	201,200
-	-	-	-	-	-	-
2,949	387,420	4,401,973	12,962,940	905,185	125,577	180,531
-	-	-	-	-	-	-
2,949	387,420	4,401,973	12,962,940	905,185	125,577	180,531
\$ 3,041	\$ 405,635	\$ 5,050,270	\$ 13,097,785	\$ 952,306	\$ 10,215	\$ 196,472

DELAWARE COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended June 30, 2011

	County Hospital	Auto License and Use Tax	Tax Sale Redemption	Advance Tax Collection
ASSETS AND LIABILITIES				
Balances beginning of year	\$ 944,783	\$ 479,335	\$ 21,358	\$ 43,734
Additions:				
Property and other County tax	997,355	-	-	-
State tax credits	37,309	-	-	-
Payments in lieu of taxes	87	-	-	-
E-911 surcharge	-	-	-	-
Reimbursements from other governments	-	-	-	-
Office fees and collections	-	-	-	-
Auto licenses, use tax, driver licenses, and postage	-	5,413,553	-	-
Assessments	-	-	-	-
Trusts	-	-	180,287	30,830
Interest on investments	-	-	-	-
Total additions	1,034,751	5,413,553	180,287	30,830
Deductions:				
Agency remittances:				
To other funds	-	210,569	-	-
To other governments	969,243	5,175,305	-	-
Trusts paid out	-	-	192,220	44,274
Total deductions	969,243	5,385,874	192,220	44,274
Balances end of year	\$ 1,010,291	\$ 507,014	\$ 9,425	\$ 30,290

See accompanying independent auditor's report.

<u>Lake District</u>	<u>E-911</u>	<u>Flex Plan</u>	<u>Fire District</u>	<u>County Recorder's Electronic Transaction Fee</u>	<u>Total</u>
\$ 198,037	\$ 83,743	\$ 7,419	\$ 9,138	\$ 2,203	\$ 21,355,335
236,147	-	-	9,844	-	21,047,254
2,750	-	-	507	-	772,568
-	-	-	-	-	1,452
-	143,290	-	-	-	143,290
-	-	-	-	-	127,916
-	-	-	-	13,105	453,130
-	-	-	-	-	5,413,553
-	-	-	-	-	129,868
-	-	57,802	-	-	518,868
-	1,644	-	-	-	1,644
238,897	144,934	57,802	10,351	13,105	28,609,543
-	-	-	-	-	486,871
199,545	76,434	-	9,324	13,272	26,177,113
-	-	56,468	-	-	530,655
199,545	76,434	56,468	9,324	13,272	27,194,639
\$ 237,389	\$ 152,243	\$ 8,753	\$ 10,165	\$ 2,036	\$ 22,770,239

DELAWARE COUNTY

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST SEVEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	2011	2010	2009	2008
Revenues:				
Property and other County tax	\$ 7,360,244	\$ 7,185,299	\$ 6,655,873	\$ 6,367,692
Interest and penalty on property tax	47,162	62,985	50,380	44,443
Intergovernmental	6,394,803	5,625,939	6,306,788	5,790,202
Licenses and permits	18,590	18,942	15,860	13,910
Charges for service	534,877	523,036	505,696	480,542
Use of money and property	156,597	184,206	198,580	220,273
Miscellaneous	402,707	334,633	454,537	280,094
Total	\$ 14,914,980	\$ 13,935,040	\$ 14,187,714	\$ 13,197,156
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,974,680	\$ 1,799,661	\$ 1,832,913	\$ 1,760,399
Physical health and social services	457,161	490,341	584,058	452,747
Mental health	2,912,774	2,769,047	2,690,644	2,847,779
County environment and education	995,823	768,425	813,116	683,691
Roads and transportation	5,163,254	4,171,369	4,247,873	4,286,608
Government services to residents	551,992	575,096	523,637	488,992
Administration	1,210,382	1,134,450	1,316,496	1,068,861
Non-program	26,204	32,375	30,445	6,812
Debt service	72,277	72,276	-	-
Capital projects	164,293	2,077,786	2,358,669	1,279,193
Total	\$ 13,528,840	\$ 13,890,826	\$ 14,397,851	\$ 12,875,082

See accompanying independent auditor's report.

	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$	6,179,275	\$ 5,325,886	\$ 5,200,393
	36,929	40,788	43,597
	5,539,705	5,791,503	5,426,274
	13,235	17,588	12,621
	468,702	479,998	462,858
	211,076	105,223	132,772
	141,404	115,864	100,070
	<u>\$ 12,590,326</u>	<u>\$ 11,876,850</u>	<u>\$ 11,378,585</u>
\$	1,660,015	\$ 1,455,562	\$ 1,426,663
	431,955	382,510	357,859
	2,596,198	2,148,717	2,064,158
	702,506	638,930	559,200
	3,187,373	3,702,804	4,420,188
	444,250	619,518	530,774
	967,030	916,670	922,012
	32,991	12,055	12,072
	-	-	-
	1,840,978	3,239,706	1,896,531
	<u>\$ 11,863,296</u>	<u>\$ 13,116,472</u>	<u>\$ 12,189,457</u>

DELAWARE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the			
Supplemental Nutrition Assistance Program	10.561	FY 11	\$ <u>9,021</u>
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	03-450	<u>4,500</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5880BT28	3,286
Public Health Emergency Preparedness	93.069	5881BT28	18,589
			<u>21,875</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State			
Administered Programs	93.566	FY 11	<u>7</u>
Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund	93.596	FY 11	<u>2,225</u>
Foster Care - Title IV-E	93.658	FY 11	<u>3,594</u>
Adoption Assistance	93.659	FY 11	<u>868</u>
Children's Health Insurance Program	93.767	FY 11	<u>42</u>
Medical Assistance Program	93.778	FY 11	<u>8,672</u>
Social Services Block Grant	93.667	FY 11	<u>3,099</u>
Social Services Block Grant	93.667	FY 11	<u>60,251</u>
			<u>63,350</u>

DELAWARE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1930DR IA	\$ <u>520,990</u>
Hazard Mitigation Grant	97.039	DR1763- 0101-01	<u>10,603</u>
Total			\$ <u><u>645,747</u></u>

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Delaware County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Officials of Delaware County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Delaware County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon February 15, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Delaware County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Delaware County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Delaware County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. During the course of our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Delaware County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about Delaware County's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Delaware County and other parties to whom Delaware County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Delaware County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
February 15, 2012

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Officials of Delaware County:

Compliance

We have audited the compliance of Delaware County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Delaware County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Delaware County's management. Our responsibility is to express an opinion on Delaware County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Delaware County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Delaware County's compliance with those requirements.

In our opinion, Delaware County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Delaware County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants agreements applicable to federal programs. In planning and performing our audit, we considered Delaware County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Delaware County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the County's internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in the County's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. During the course of our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Delaware County and other parties to whom Delaware County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa
February 15, 2012

DELAWARE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Delaware County did not qualify as a low-risk auditee.

DELAWARE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

DELAWARE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

DELAWARE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-11 Certified Budget – Disbursements during the year ended June 30, 2011 did not exceed the amounts budgeted in any County function. Disbursements did not exceed any departmental appropriations.
- IV-B-11 Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- IV-C-11 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-11 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Carla Becker, County Auditor Mother is owner of Becker Electric	Electrical repairs and services	\$ 8,669

In accordance with Chapter 331.342(2)(d) of the Code of Iowa, the above transaction does not represent a conflict of interest since the employee was not directly involved in the procurement or preparation of any part of the contract.

- IV-E-11 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be reviewed periodically to insure that the coverage remains adequate for current operations.
- IV-F-11 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County’s investment policy were noted.
- IV-H-11 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-11 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2011 for the County Extension Office did not exceed the amount budgeted.